Financial Transactions and Reports Analysis Centre of Canada

For the years 2008-2009 to 2010-2011

Report on Plans and Priorities

The Honourable James M. Flaherty
Minister of Finance

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SECTION I – OVERVIEW

1.1 Director's Message

FINTRAC and its partners in Canada's anti-money laundering and anti-terrorist financing regime continue to play a key role in the international fight against organized crime and terrorism financing.

As we mature, our cases—our output of financial intelligence, continue to grow in magnitude and complexity. FINTRAC's results reflect its strategy of targeting larger and more complex networks engaged in money laundering or terrorist financing activity. This year it has disclosed a significant number of large cases, with disclosed transactions valued at more than $50 million. The total value of disclosed transactions suspected of being relevant to an investigation or prosecution of money laundering offences reached $10 billion.

This indicates that FINTRAC is doing what Parliament intended it to do when it adopted the *Proceeds of Crime (Money Laundering) and Terrorist Activity Financing Act.* That is, provide to law enforcement and to the Canadian Security Intelligence Service (CSIS) comprehensive financial intelligence to assist them in combating serious crime and terrorist activity financing.

Our output of financial intelligence is also based on two key factors, the first being our extensive database of financial transactions built over the last seven years, and our sophisticated new data mining and analysis software programs developed by the Centre. Our continued investment in state-of-the art information management tools to ensure robust capacity to extract and analyse key data is paying great dividends and remains a key enabler of our work.

We approach the next several years armed with amendments to the Act in the form of Bill C-25. Adopted in December of 2006, the amendments give us even greater scope to produce financial intelligence and ensure compliance with the Act, disclose more information to law enforcement and CSIS and bring into the fold of reporting entities key new sectors such as dealers in precious metals and stones. The implementation of these amendments preoccupied us in this reporting year and will continue to do so as we move to establish a registry of money service businesses (MSB) and accommodate new regulations and requirements under the amended Act. Of particular importance were amendments that significantly expanded the range of information permitted to be disclosed to law enforcement and to CSIS. With these additions, FINTRAC's enhanced disclosure package will help in giving these agencies more assistance in their investigations.

At the same time, we must ensure that our data holdings are secure to ensure the privacy of Canadians. This is an obligation that FINTRAC takes very seriously. And among the amendments to the Act was a provision for a review by the Privacy Commissioner of Canada every two years of the measures taken by the Centre to protect the information it receives or collects, and that is entrusted to our care.

Our contribution depends very heavily on a highly skilled and motivated staff and on key relationships both domestically and abroad with a range of partners. Over the last seven years relationship building has been a priority for FINTRAC. Domestically we have sought a cooperative approach with our reporting entities, such as the major banks, and we have a compliance cooperation level that reflects the added value of such cooperation with these entities. In testimony to this cooperative approach, in 2006-2007, FINTRAC received over 17 million reports from banks and other entities that send reports to the agency.

Just as important are our relationships with domestic partners such as the Royal Canadian Mounted Police (RCMP), CSIS, the Canada Border Services Agency (CBSA) and others in the regime. We are constantly looking for ways to improve our product for investigators and to be timely with our case disclosures. Feedback we receive from these partners is crucial to us and we welcome it.

And on our part, we are making great efforts to perform research and analysis to discover and monitor the use of new technologies and new approaches to money laundering and terrorist financing, and to share this information with Canadian and international agencies working together to combat these crimes. While the events surrounding the bombing of Air India Flight 182 pre-date FINTRAC's inception, the Centre's participation in the hearings conducted for the Commission of Inquiry on the investigation of these events illustrates the role that we are now playing in tracking the flow of terrorist funds on domestic and international levels.

Internationally, such is Canada's reputation that Egmont, the international organization of over 100 member financial intelligence units (FIUs), chose Canada as the home of its permanent Secretariat. We have built solid relationships with many of our foreign counterparts, sharing our lessons learned with fledgling FIUs and, in turn, learning from others. The level of cooperation among FIUs is remarkable and through our participation in Egmont, the international organization of FIUs, we have made valuable contributions to the international effort.

The retirement of FINTRAC's Director last December brings occasion to pause and take stock of what we have achieved as an organization and to reflect on where we are headed. The Centre has grown significantly over the last few years and successfully implemented a great number of initiatives. A renewed focus on good stewardship will ensure that FINTRAC remains a healthy and vital organization, well positioned to play an important role in the global fight against money laundering and terrorist activity financing.

Keith Fernandez
Interim Director

1.2 Management Representation Statement

I submit for tabling in Parliament the 2008-09 Report on Plans and Priorities for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC).

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2008-09 Estimates: Reports on Plans and Priorities and Departmental Performance Reports:*

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance;
- It is based on the department's strategic outcome(s) and program activities that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced, and reliable information; and
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

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Keith Fernandez
Interim Director

1.3 Raison d'être

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), Canada's financial intelligence unit, was created in 2000. It is an independent agency, reporting to the Minister of Finance, who is accountable to Parliament for the activities of the Centre. It is an arm's length agency which provides financial intelligence to police and intelligence agencies and other appropriate authorities, domestically and internationally, in order to support investigations and prosecutions of money laundering, terrorist activity financing and other threats to the security of Canada.

Since its establishment, FINTRAC has developed into a significant contributor to the domestic and international fight against money laundering and terrorist activity financing. The Centre has rapidly enhanced its expertise and capabilities and established credibility with its stakeholders. These stakeholders include law enforcement agencies (RCMP, provincial and local police forces and others), entities and individuals with obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Activity Financing Act* (PCMLTFA) (banks, security dealers, casinos and others) and foreign financial intelligence units. Using advanced information technology, FINTRAC has built a robust database of financial transactions for analysis and the production of financial intelligence.

The growing sophistication of FINTRAC's analysis has, in turn, led to case disclosures to law enforcement and intelligence agencies of an increasingly relevant and complex nature. FINTRAC and its core intelligence product are considered a valuable addition to Canadian and international security and intelligence efforts, and are increasingly shown to be making a difference in investigations.

The Centre's enabling legislation was developed to ensure the highest level of protection for personal information, while also making it possible for certain information to be disclosed to law enforcement and to intelligence agencies. The protections begin with the very nature of the institutional arrangements that establish FINTRAC as an independent and arm's length entity that receives and analyzes reported financial transaction information. The protection measures built in legislation also require that information received by the Centre can only be passed on to law enforcement and national security agencies if particular tests are met.

A key provision of the PCMLTFA is the capacity for the Office of the Privacy Commissioner (OPC) to review FINTRAC's measures to protect personal information. In 2007-2008, the OPC initiated a compliance review of FINTRAC's management of its personal information holdings. This examination is being conducted under the Privacy Commissioner's audit powers under the *Privacy Act* and the Commissioner's legislated mandate under the PCMLTFA to review and report on FINTRAC's activities every two years.

1.4 Organizational Information

FINTRAC was established as an independent agency, reporting to Parliament through the Minister of Finance, who is responsible for the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) and its accompanying regulations. The organization is funded through appropriations. The Centre is headquartered in Ottawa and has regional offices in Montréal, Toronto and Vancouver.

The **Director**, appointed by the Governor-in-Council, is the Chief Executive Officer of the Centre and has all the powers of a deputy head of a department. The Director is required to report to the Minister of Finance on the exercise of his powers and the performance of his duties under the Act. The Centre has separate employer status.

The **Senior Deputy Director, Operations** has responsibility for the financial intelligence analysis and compliance activities of the Centre, as well as defining the user requirements for technology-driven collection, analytics, and case management systems.

The financial intelligence analysis activity includes all of FINTRAC's tactical financial intelligence and strategic analysis functions for detecting money laundering and terrorist activity financing schemes.

The compliance activity includes FINTRAC's regional offices and is responsible for implementing the compliance program and undertaking regional outreach to reporting entities, law enforcement and other key partners.

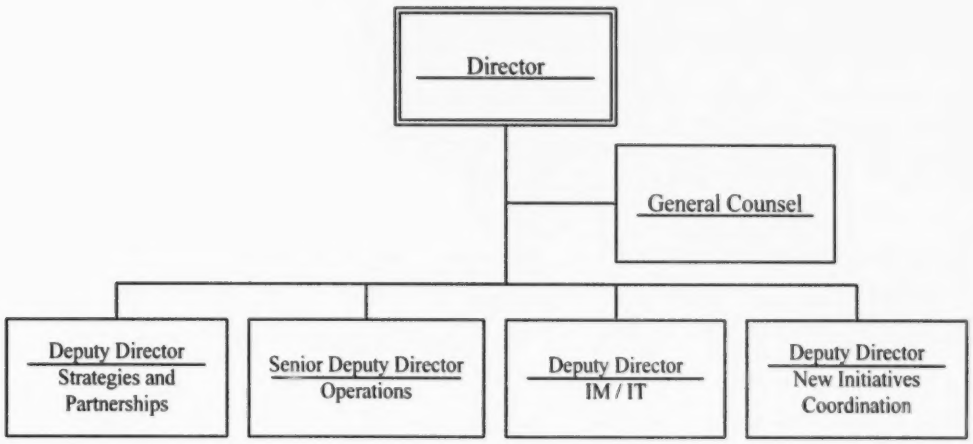
The **Deputy Director, Strategies and Partnerships** is responsible for FINTRAC's internal services functions and the development of strategies, plans, policies, and activities, in co-operation with other sectors, to support and advance Centre-wide priorities and goals and the management of FINTRAC's relationships with key domestic and international partners. In addition, the sector provides ongoing support in finance, procurement, accommodation, human resources, communications, security, and reporting to Parliament.

The **Deputy Director, Information Management/Information Technology (IM/IT)** is responsible for the information management and information technology framework that supports and advances all of FINTRAC's objectives. IM/IT designs, develops, implements, secures, supports and operates all IM/IT infrastructure and business system solutions to meet FINTRAC's internal and external requirements. The IM/IT sector also coordinates the Centre's access to information and privacy (ATIP) activities.

The **Deputy Director, New Initiatives Coordination (NIC)** manages and supports implementation of all new initiatives related to Bill C-25, including centre-wide coordination of these initiatives.

Legal Services are provided to the Centre by the General Counsel and three Legal Counsel, who are employees of the Department of Justice. In addition, FINTRAC provides one full-time equivalent (FTE) toward the administration of this office.

Figure 1 FINTRAC's Organization Chart

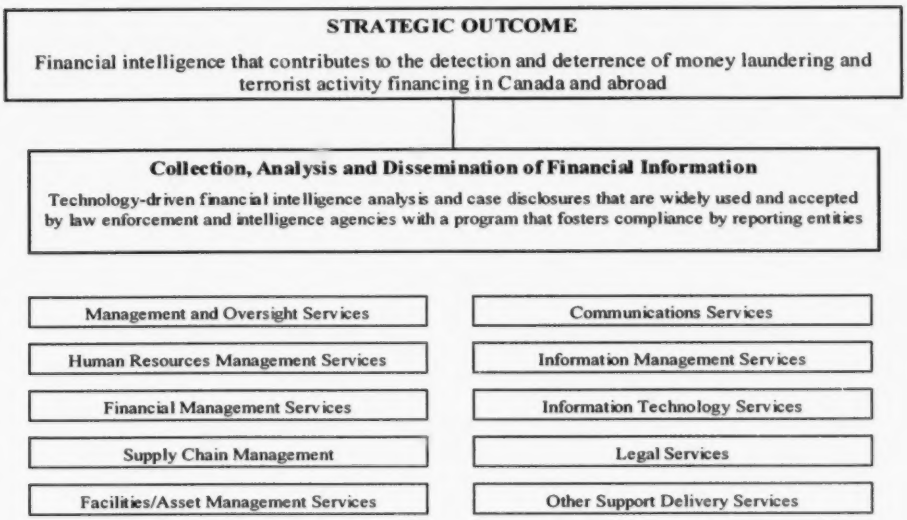


FINTRAC's Mandate

FINTRAC's mandate is to facilitate the detection, prevention and deterrence of money laundering, terrorist activity financing and other threats to the security of Canada by gathering and analyzing information on suspect financial activities; ensuring those subject to the PCMLTFA comply with reporting, record keeping and other obligations; and making case disclosures of financial intelligence to the appropriate law enforcement agency, CSIS, or other agencies designated by legislation in support of investigations and prosecutions. FINTRAC's mandate also includes enhancing public awareness and understanding of matters related to money laundering. These activities are conducted while ensuring the protection of the personal information under FINTRAC's control.

1.5 Program Activity Architecture

Figure 2 FINTRAC's Program Activity Architecture


STRATEGIC OUTCOME
Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad
Collection, Analysis and Dissemination of Financial Information
Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies with a program that fosters compliance by reporting entities
Management and Oversight Services
Human Resources Management Services
Financial Management Services
Supply Chain Management
Facilities/Asset Management Services
Communications Services
Information Management Services
Information Technology Services
Legal Services
Other Support Delivery Services

Changes in FINTRAC's Program Activity Architecture

Changes were made to FINTRAC's Program Activity Architecture (PAA) from fiscal year 2007-2008 to 2008-2009. These changes result from the implementation of Treasury Board's *Management, Resources, and Results Structure (MRRS) Policy*. FINTRAC's 2008-2009 strategic outcome and program activity have not been modified. However, their descriptions have been streamlined; activities that were previously identified as sub-activities are now included in the single program activity, and no longer reflected separately.

Corporate services have been renamed to correspond with the thirteen categories of internal services identified in Treasury Board's guidance on program activity architectures. More information on the internal services can be found in section IV.

1.6 Voted and Statutory Items Displayed in the Main Estimates

($ millions)			
Vote or Statutory Item	Truncated Vote or Statutory Wording	**2008-09 Main Estimates**	2007-08 Main Estimates
25	Program expenditures	**49.4**	41.3
(S)	Contributions to employee benefit plans	**4.2**	3.6
	Total Agency	**53.6**	44.9

1.7 Planned Spending and Full-time Equivalents

($ millions)	Forecast Spending 2007-2008	***Planned Spending 2008-2009**	Planned Spending 2009-2010	Planned Spending 2010-2011
Collection, Analysis and Dissemination of Financial Information	29.4	**45.6**	40.6	40.9
Internal Services	15.5	**8.0**	7.2	7.2
Budgetary Main Estimates (gross)	44.9	**53.6**	47.8	48.1
Less: Respendable revenue				
Total Main Estimates	44.9	**53.6**	47.8	48.1
Adjustments:				
Supplementary Estimates:				
Operating Budget Carry Forward	1.4			
Funding New Initiatives	5.4			
Economic Increase	0.3			
National Anti-Drug Strategy	0.2			
Reprofile EGMONT	(0.5)			
Reprofile NICML		**1.8**		
Budget Announcement:				
Employee Benefit Plan (EBP)	1.2	0.0	0.0	0.0
Total Adjustments	8.0	**1.8**	0.0	0.0

Total Planned Spending	52.9	**55.4**	47.8	48.1

Total Planned Spending	52.9	**55.4**	47.8	48.1
Plus: Cost of services received without charge	2.0	**1.9**	1.9	2.0
Net cost of Program	54.9	**57.3**	49.7	50.1

Full Time Equivalents	324	**324**	326	328

* For 2008-2009 and following years, the financial information reflects the changes to the presentation of internal services resulting from FINTRAC's updated program activity architecture.

1.8 Summary Information

Financial Resources ($ millions)

2008-2009	2009-2010	2010-2011
55.4	47.8	48.1

Human Resources

2008-2009	2009-2010	2010-2011
324	326	328

FINTRAC Priorities 2008-2009

FINTRAC Priorities	Type
1. Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units.	Ongoing
2. Ensure compliance with the PCMLTFA.	Ongoing
3. Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.	Ongoing

Program Activities by Strategic Outcome

		Planned Spending *			
($ millions)	**Expected Results**	**2008-2009**	**2009-2010**	**2010-2011**	**Contributes to the following priority**
Strategic Outcome: Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.					Priorities 1, 2, and 3
Collection, Analysis and Dissemination of Financial Information	Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies supported by a program that fosters compliance by the reporting entities.	55.4	47.8	48.1	Priorities 1, 2, and 3

*Breakdown represents costs directly attributed to the program as well as a pro-rated portion of other direct and indirect costs, such as internal services.

1.9 Departmental Plans and Priorities

This section provides details on FINTRAC's operating environment, as well as the Centre's plans and priorities. It provides information on how the Centre will implement its plans to achieve the priorities for the planning period. The section also includes the associated resources allocated to the achievement of each of the Centre's three priorities.

Operating Environment

Established in 2000, FINTRAC, Canada's financial intelligence unit (FIU), has grown to become a significant contributor to the fight against money laundering and terrorist financing, both in Canada and on the international scene. The Centre has enhanced its expertise and capabilities, which in turn helped establish its credibility with disclosure recipients, reporting entities and foreign FIUs.

Since 2000, FINTRAC has built a robust set of information in its data holdings, information for use in analysis and the production of financial intelligence. The growing sophistication of analysis has, in turn, led to case disclosures of an increasingly relevant and more complex nature. FINTRAC is now considered an important part of Canadian and international security and intelligence efforts and is increasingly shown to be making a difference in investigations and prosecutions.
In 2007, FINTRAC completed a review aimed at identifying areas of concern for its operations, risks and associated mitigation strategies. The corporate risk profile that resulted from that exercise will inform the Centre's decision-making processes for the planning period, and allow identified risks to be taken into account in processes and decisions.

For the planning period, the Centre's operating environment will be shaped by a number of important domestic and international considerations including the development and implementation of new initiatives. With the passage of Bill C-25, the Centre has begun to operationalize the legislative enhancements to the PCMLTFA to produce richer financial intelligence disclosures and to further enhance its compliance work with reporting entities. Implementation of these enhancements will necessitate organizational growth and technological changes to the Centre's operations. The Centre will continue to work with internal and external partners to research, analyze, and consider ways to improve the financial intelligence it produces through future legislative and regulatory amendments.

In 2007-2008, FINTRAC was the subject of three important reviews. Recommendations from these processes are pending, and these may impact on the Centre's operations and management. In 2007, the Centre conducted an in-depth review of the funding, relevance and performance of all its programs and spending to ensure results and value for money from programs that are a priority for Canadians. The results of this Strategic Review were submitted to Treasury Board last fall, for subsequent review by Cabinet. The results of this Review will be reflected in future reporting to Parliament. Also, the Financial Action Task Force (FATF), the international anti-money laundering/anti terrorist activity financing (AML/ATF) standard-setting body, reviewed Canada's AML/ATF Initiative and is expected to table its report in 2008. As well, the Office of the Privacy Commissioner initiated a review of FINTRAC's measures to protect personal information under its control, and that report is expected to be released in 2008-2009.

In addition to these reviews, FINTRAC participated in hearings conducted by the Honourable John Major for the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182. The findings of this Commission of Inquiry will be reported in 2008. While these events predate the establishment of the Centre, it will continue to monitor the findings of the Commission.

New legislation is not the only driver of change. On a continuing basis, those that would launder money or finance terrorism are developing new methods and finding new venues for their activities. To meet this challenge, FINTRAC maintains a research and analysis capacity which is increasingly being supported by advanced technological tools in order

to monitor the use of new technologies to launder money and finance terrorist activities and to assess their level of risk. As such, as FINTRAC grows and matures as an organization, good stewardship of it resources will enable it to continue meeting its goals with regard to the detection and deterrence of money laundering and terrorist activity financing, and to implement the new initiatives and programs.

Strengthening FINTRAC's Operations

Receiving Royal Assent in December 2006, the legislative amendments contained in Bill C-25 will continue to have a significant impact on the Centre's operations over the next three years. The expansion in the number of reporting entities, the creation of a money services businesses (MSB) registry, and the development and implementation of an administrative monetary penalties (AMP) regime will be undertaken in this period. As well, the increase in the range of information that may be included in FINTRAC's financial intelligence case disclosures, and the addition of partners that can receive those case disclosures (the Communications Security Establishment), and the expansion of the information that can be disclosed to current partners (the Canada Border Services Agency and the Charities Directorate of the Canada Revenue Agency) have created new challenges as well as opportunities for the Centre.

FINTRAC's New Initiatives Coordination (NIC) sector was created in 2007 to coordinate and support the development of the new programs and processes made necessary by Bill C-25. This sector is mandated to oversee the operationalization of the new legislation and regulations.

For 2008-2009, FINTRAC's three main priorities remain unchanged as they continue to reflect and address the Centre's commitments and challenges. New activities will contribute to these priorities, as FINTRAC develops and implements a new suite of initiatives that will expand its program to meet the legislative requirements set out in Bill C-25. As well, FINTRAC will invest more effort in both the compliance and strategic information priority areas in the planning period. FINTRAC recognizes that its three priorities are interdependent and equally important for the achievement of its mandate. Resources will be reallocated to the compliance priority, specifically to increase the number of compliance examinations that are conducted and to improve feedback to reporting entities with obligations under the PCMLTFA. More resources will also be directed to the strategic analysis function. This will better support tactical analysis and will assist in providing partners and policy-makers with FINTRAC's unique perspective on trends and typologies relating to money laundering and terrorist activity financing. Ultimately, investment in these functions will further enhance the quality of FINTRAC's case disclosures to partners.

The Centre continues to develop and roll out information technology advances to support its operations. Going forward, emphasis will continue to be placed on updating and refining tactical intelligence analytical tools. Emphasis will also be placed on expanding capacities that support FINTRAC's compliance activities relating to reporting financial transactions, managing reporting entity relationships, conducting and assessing compliance examinations, and using risk assessments to guide those activities. Systems will be developed to more fully automate the production of strategic information in order to support improvements to the Centre's internal business processes.

FINTRAC Priorities

FINTRAC is accountable to Parliament through the Minister of Finance and contributes to the fight against terrorism and organized crime in Canada and abroad through the achievement of the following three ongoing priorities:

Priority	Type	Planned Spending* ($ millions)		
		2008-2009	2009-2010	2010-2011
Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units. Financial intelligence analysis and case disclosures that are widely accepted by law enforcement, security and intelligence agencies, and by foreign financial intelligence units, and which are used in investigations.	Ongoing	31.7	27.3	27.5
Ensure compliance with the PCMLTFA. More robust detection and deterrence of non-compliance to increase compliance with the law by reporting entities. Our risk-based compliance program will comprise awareness activities, monitoring of data quality, compliance questionnaires and examinations, and taking appropriate remedial actions when non-compliance is detected.	Ongoing	17.3	15.0	15.1
Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public. Enhanced awareness and understanding of money laundering and the financing of terrorist activity by providing strategic intelligence, advice and analysis, which then informs the development of effective Canadian and multilateral counter-strategies.	Ongoing	6.4	5.5	5.5

*Breakdown represents costs directly attributed to each priority as well as a pro-rated portion of other direct and indirect costs, such as internal services.

Priority #1 - Deliver timely and high quality financial intelligence to law enforcement, security and intelligence agencies, and foreign financial intelligence units.

Anticipated Result:

Financial intelligence analysis and case disclosures that are widely accepted by law enforcement, security and intelligence agencies, and by foreign financial intelligence units, and which are used in investigations.

Resources ($ millions) 2008-2009: $31.7 2009-2010: $27.3 2010-2011: $27.5

In its role as Canada's financial intelligence unit mandated to detect and deter money laundering and the financing of terrorist activity, FINTRAC is uniquely positioned to provide valuable financial intelligence on suspected money laundering and terrorist financing that assists the intelligence and investigative efforts of law enforcement, security and intelligence agencies, and foreign financial intelligence units. The production and disclosure of timely and relevant financial intelligence is central to the achievement of the Centre's strategic outcome.

Continuing to strengthen FINTRAC's capacity to deliver high quality and timely case disclosures and financial intelligence is a priority for the Centre. To meet this priority, the Centre actively continues to: increase its analytical capacity through the use of technology; enhance information sources as specified under the Act; and, develop the knowledge and expertise of its analysts, thereby increasing the breadth and depth of its case disclosures.

Widely accepted case disclosures that are used in investigations

FINTRAC strives to ensure its financial intelligence analysis is increasingly effective, and its case disclosures are widely accepted and used in investigations by law enforcement and national security agencies. FINTRAC has begun to provide case disclosures to new disclosure recipients: the Communications Security Establishment (CSE), the Canada Border Services Agency (CBSA) on issues pertaining to the illegal importation of goods that are prohibited, controlled, regulated or are relevant to smuggling or attempting to evade duties, and the Charities Directorate of the Canada Revenue Agency. These disclosures are made possible by recent legislative and regulatory changes.

The legislative changes have also expanded the scope of designated information to be provided, which means the Centre's disclosure recipients will receive an even more comprehensive financial intelligence product. Over the planning period, FINTRAC will continue to strengthen the disclosures that it determines are relevant to investigations and

prosecutions through the inclusion of new designated information and other enhancements to the product.

FINTRAC will continue to strengthen its capacity to deliver high quality and timely case disclosures to all disclosure recipients through additional training and development for new analysts to further develop the Centre's financial intelligence expertise.

Strategic intelligence, advice and analysis that informs the development of effective Canadian and multilateral counter-strategies

The financial intelligence produced by FINTRAC encompasses macro-analysis and research on trends and typologies. This work directly supports the Centre's tactical intelligence products, and the work of FINTRAC and its partners in identifying risks for money laundering and terrorist financing activities.

In the planning period, the Centre will intensify its efforts to identify new trends, typologies, patterns and networks in its data, and share this non-case specific information with its domestic and international partners. This will be accomplished through the implementation of new tools such as new data mining and research environment, and the development of new analytical techniques and methodologies. The Centre will also work closely with its partners and stakeholders to identify key areas of interest.

Information Management/Information Technology that support and enhance the creation of financial intelligence

Information management and technology capacity is integral to the success of FINTRAC's analysis and research functions. Planned business process improvements in areas such as compliance and strategic research, and response to new business imperatives such as implementation of Bill C-25, will drive major enhancements to FINTRAC's existing secure suite of solutions and technologies as well as the development of key new components. These are all part of the Centre's commitment to finding the best technological tools to enhance the detection of patterns of suspected transactions among the millions of transaction reports in its database.

Policies, communication products and relationships that enable the detection and deterrence of money laundering and terrorist activity financing

FINTRAC will develop and implement a renewed relationship management and outreach strategy with domestic and international partners in order to enhance communication at all levels on policy and operational issues, in an effort to further align to investigative and intelligence priorities. The efforts will assist FINTRAC to more effectively work with existing partners and to forge new partnerships that will ultimately strengthen the performance of the government's AML/ATF Initiative.

The Centre will continue its work to strengthen and support the Egmont Group and its Secretariat. Emphasis will be placed on enhanced technical assistance capabilities, through the development of additional assistance tools (e.g. compliance and analysis training) to support global efforts against money laundering and terrorist activity financing.

Consistent with its mandate to promote public awareness and understanding, FINTRAC will continue to work towards enhancing its communications with key stakeholders in the anti-money laundering / anti-terrorist financing (AML/ATF) regime, including new entities under the regime and new disclosure recipients.

Priority # 2 - Ensure compliance with the PCMLTFA.

Anticipated Result:

Increased compliance with the law by reporting entities through more robust detection and deterrence of non-compliance. This will be accomplished through a risk-based compliance program comprised of: awareness activities; the monitoring of data quality; compliance questionnaires; examinations; and by taking appropriate remedial action when non-compliance is detected.

Resources ($ millions): 2008-2009: $17.3 2009-2010: $15.0 2010-2011: $15.1

FINTRAC's compliance program seeks to promote and facilitate compliance with the law by reporting entities. This not only has the effect of improving the quality and quantity of reports received by FINTRAC for analytical purposes, but it also has a strong deterrent effect, as it makes it more difficult for those who would launder money or seek to raise funds for terrorist activity to carry out their illicit activities unnoticed. Ensuring compliance also means that records relating to clients and transactions will be available to support investigations by law enforcement.

Supporting and ensuring compliance

FINTRAC currently has a robust national compliance program. FINTRAC will strengthen its national compliance program, while implementing the new initiatives flowing from Bill C-25. Specifically FINTRAC will undertake projects and outreach activities with private sector partners to strengthen the Centre's deterrence provisions. These efforts will be bolstered by new initiatives, namely the requirement for money services businesses (MSBs) and foreign exchange dealers to register with FINTRAC, and the implementation of an administrative monetary penalties (AMPs) regime.

Work will continue on facilitating the inclusion of new entities in the regime, such as dealers in precious metals and stones, real estate developers and the legal profession. In

2008, foreign exchange dealers and money services businesses, including small operations such as hawalas which specialize in transmitting money to developing countries, will have to register with FINTRAC. Real estate agents will be required to ask persons involved in a transaction for identification documents and to keep certain records pertaining to the transaction. FINTRAC will also ensure that proper compliance mechanisms are in place in the event that lawyers should be required to implement a compliance regime and comply with client identification and record-keeping requirements under the PCMLTFA. Other changes include more robust compliance regime and client identification requirements as well as enhanced customer due diligence measures with respect to politically exposed persons and beneficial ownership information.

FINTRAC's compliance program will continue to provide support to entities who must comply with the PCMLTFA. Over the planning period, FINTRAC will increase outreach activities to reporting entities by approximately 20%.

The Centre will also augment the number of compliance examinations it performs by approximately 20%, and intensify examination follow-up by providing more substantial feedback to reporting entities. The Centre is committed to improving the ways it provides entities with information on how they contribute to the achievements of results under the AML/ATF regime.

FINTRAC will partner with foreign countries to exchange compliance-related information in order to further refine the compliance program and acquire best practices to support ongoing monitoring and improvement of the program.

The Centre will focus on additional areas, namely implementation of a risk-based approach flowing from the Bill C-25 amendments; continued work on the use of data quality results to ensure that high quality information is reported to the Centre; and refinement of procedures that allow suspicious and prescribed transactions to be reported to the Centre in a timely manner. FINTRAC will continue to identify high risk reporting entities for enhanced compliance supervision and/or examination, and to develop requirements to assist in refinements to FINTRAC's compliance system. The Centre will also develop a strategy to raise awareness among law enforcement agencies of its non-compliance disclosure product. Lastly, the compliance program will take responsibility for the MSB registry and the AMPs program, once their development is complete.

Strategic intelligence, advice and analysis that informs the development of effective Canadian and multilateral counter-strategies.

The Centre will intensify efforts to develop new products to support the compliance function. FINTRAC will disseminate a wider variety of strategic intelligence products, including enhanced feedback to reporting entities. To help with the production of intelligence products that will support compliance, FINTRAC plans to invest resources to implement a new data mining and research environment.

Information Management/Information Technology that supports and enhances the compliance program

FINTRAC's compliance program uses information from many sources to evaluate reporting entity compliance with the PCMLTFA. Enhanced automated solutions are being developed to record and manage the reporting entities' assessments in the form of a case management system for compliance officers and the development of automated support for the MSB registry.

FINTRAC's system development activities will include building an integrated suite of tools, the compliance workbench, which is a secure suite of solutions and systems required to support the compliance business functions, such as the MSB registry and AMPs programs. These tools will help to improve the efficiency and productivity of compliance officers.

Over the planning period, streamlining of business processes within each location and between the regions and Ottawa will be accomplished by reducing the number of manual processes and independent systems used by compliance officers. New IT solutions will provide statistics to monitor and improve the compliance program.

Policies, communication products and relationships that support compliance activities

In support of the Centre's compliance activities, a renewed relationship management and outreach strategy with domestic and international partners will be developed and implemented to enhance communication at all levels and strengthen the compliance function.

Consistent with its mandate to promote public awareness and understanding of money-laundering, FINTRAC will continue to work to identify and communicate with key stakeholders, including new entities which have obligations under the AML/ATF regime.

FINTRAC will collaborate with the Department of Finance to develop new regulations and consult with stakeholders. FINTRAC will also undertake projects and outreach activities to strengthen the Centre's provisions to deter money laundering and terrorist financing.

FINTRAC will develop guidelines, batch reporting specifications and other support for entities that have obligations as a result of the new initiatives flowing from Bill C-25.

Priority # 3 - Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.

Anticipated Result:

Provide strategic intelligence, advice and analysis that enhance awareness and understanding of money laundering and terrorist activity financing and inform the development of effective Canadian and multilateral counter-strategies.

Resources ($ millions): 2008-2009: $6.4 2009-2010: $5.5 2010-2011: $5.5

Using the Centre's rich database of financial transactions and other information, FINTRAC can provide valuable insights into general patterns, trends and typologies related to money laundering and terrorist activity financing. The analysis of aggregated transaction reports and case disclosures identifies patterns and trends in the methods used by criminal and terrorist networks to launder and acquire funds. With this information, combined with input and expertise from its key partners, stakeholders and other external sources of information, FINTRAC can better predict emerging financial and technological methods that could be used in money laundering and terrorist activity financing. These insights are shared with federal partners, the reporting entity sectors and law enforcement, helping to support their own efforts. Based on its research and analysis, and on consultations with partners and stakeholders, the Centre will continue to produce strategic intelligence to provide a unique and informed perspective on the nature of money laundering and terrorist activity financing occurring in Canada.

Strategic information to support the development of effective Canadian and multilateral counter-strategies.

The Centre will strengthen its ability to identify trends, typologies, patterns, and networks in its data to support its tactical analysis and compliance operations. This will be accomplished through the implementation of new tools and the development of new analytical techniques and methodologies. In particular, FINTRAC plans to invest resources to implement a new data mining and research environment.

The Centre will produce more issue-based reports on the use of emerging technologies by individuals or groups involved in suspected money laundering or terrorist financing activities. By doing so, FINTRAC will disseminate a wider variety of strategic intelligence products, including feedback to reporting entities, and identify new and emerging means of laundering money or financing terrorist activity to inform partners, policy-makers and the public.

Information Management/Information Technology that supports and enables research and dissemination of strategic information

FINTRAC's IM/IT will build, enhance and support the strategic analysis workbench (SAW). SAW is a suite of secure solutions and systems designed to support the macro-analysis and strategic research function and to develop new specialized functionality. This will enable FINTRAC to conduct more specified research and analyze data and information from a variety of information sources to shed light on trends and patterns in financial crime.

Policies, communication products and relationships supporting the dissemination of strategic information

FINTRAC will continue to seek out opportunities to solicit feedback from partners and stakeholders on how well its intelligence products meet their needs. The Centre will work with the Department of Finance and other partners to find improved ways to report on results and achievements of the anti-money laundering / anti-terrorist financing (AML/ATF) regime.

FINTRAC will continue to work with federal departments, the law enforcement and the national security community to support the government's response to reviews and commissions of inquiry such as the Air India Inquiry and the FATF Mutual Evaluation.

Consistent with its mandate to promote public awareness and understanding, FINTRAC will continue to identify and communicate with key stakeholders, including new entities under the regime and new disclosure recipients.

Internationally, FINTRAC will continue participating in multilateral fora, including bodies such as the Egmont Group and the FATF, in order to contribute to the development of new initiatives, policies and standards that have an impact on its operations.

Because of the transnational nature of money laundering and terrorist financing, FINTRAC values bilateral relationships with other FIUs. As such, FINTRAC will enhance bilateral relationships by increasing the use of MOUs currently in place for information exchanges and by developing new partnerships with other established FIUs.

FINTRAC also understands the importance of supporting the establishment of FIUs in other countries. The Centre often receives requests to provide international technical assistance, and will continue to provide assistance to other FIUs based on the Centre's capacity and a strategic assessment of where its contribution can bring maximum benefits.

Lastly, FINTRAC will continue its collaboration in the Department of Foreign Affairs and International Trade's (DFAIT) Counter-Terrorism Capacity Building (CTCB) program. The program aims to provide training, funding, equipment, technical and legal

assistance to other states to enable them to prevent and respond to terrorist activity, within international counter-terrorism and human rights norms, standards and obligations. The CTCB program is administered by DFAIT, and FINTRAC is a member of the interdepartmental steering committee comprising 19 federal departments and agencies that ensure this assistance takes a 'whole-of-government' approach.

Management Priorities

Managing growth and organizational development

In the planning period, FINTRAC will invest efforts in specific internal services to support the significant changes brought about by Bill C-25. Adjustments necessary to manage the rapid growth of the Centre will be the focus of the Centre's management efforts.

In 2008-2009, FINTRAC will develop a new Strategic Plan, taking into account the risks identified in its corporate risk profile, the recommendations stemming from the various reviews that have taken place in the previous fiscal year, and the challenges inherent to its business lines. The Centre will also continue to improve its operational planning function.

FINTRAC will ensure the integration of its human resources plan into overall business planning. Emphasis will be placed on areas such as recruitment, retention and succession planning, all in order to address HR needs and capacity of the Centre to deliver on its priorities. FINTRAC will also focus on developing a long term accommodation strategy that reflects anticipated growth.

Keeping up with technology and getting the most value out of its information assets has been a priority for FINTRAC since the Centre was created. Technological innovation is crucial to the development of the Centre's financial intelligence, both tactical and strategic. To ensure a well-planned approach to the maintenance and development of its IM and IT assets in the coming years, the Centre will develop and implement a comprehensive IM/IT Strategy and Plan for the period ending 2010-2011. This plan will include the development and implementation of IM/IT solutions, systems and processes for the remaining changes made necessary by Bill C-25, as part of the roadmaps for each of the business portfolios.

In 2006-2007, FINTRAC was the subject of a Management Accountability Framework (MAF) assessment by the Treasury Board Secretariat. This exercise allowed the Centre to identify areas to address in order to strengthen its management practices as outlined in the MAF, namely the renewal of its audit and evaluation policies and methodology.

FINTRAC will also update its policies, directives and standards on IT security to advance the Centre's compliance with the Management of Information Technology Security (MITS) standards. FINTRAC will implement new Treasury Board Secretariat policies and directives in Information Management and Information Technology.

The development of a business continuity plan for the Centre was a priority in the last planning period, and making progress in its implementation will continue to be a priority for the period to come.

In line with its ongoing commitment to protecting the privacy rights of Canadians, FINTRAC will continue to work cooperatively with the Office of the Privacy Commissioner to institute the biennial review of the Centre's measures to protect all information in its data holdings.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Analysis by Program Activity

This section provides the description of FINTRAC's program activity Collection, Analysis and Dissemination of Financial Information. This program activity supports the achievement of the Centre's Strategic Outcome.

Strategic Outcome

Financial Intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.

Program Activity Name

Collection, Analysis and Dissemination of Financial Information

Financial Resources ($ millions)

2008-2009	2009-2010	2010-2011
47.1	40.6	40.9

Human Resources

2008-2009	2009-2010	2010-2011
275	277	279

Program Activity Name Collection, Analysis and Dissemination of Financial Information	
Description	Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies with a program that fosters compliance by the reporting entities.
Related Priorities	Deliver timely and high quality financial intelligence to law enforcement, CSIS, and foreign financial intelligence units. Ensure compliance with the PCMLTFA. Disseminate strategic information on money laundering and terrorist activity financing to partners, stakeholders, and the general public.
Expected Results	Law enforcement, intelligence agencies and prosecutors received timely and relevant tactical and strategic financial intelligence useful for further actions in investigations and other actions Reporting entities are in compliance with the PCMLTFA and related regulations
Indicators	Satisfaction expressed by law enforcement and partners with the usefulness of case disclosures and strategic information products Level of compliance by reporting entities with PCMLTFA
Performance Measurement Strategy	Monitor feedback from law enforcement and other partners Monitor results from compliance examinations

SECTION III – SUPPLEMENTARY INFORMATION

Table 1: Departmental Links to the Government of Canada Outcomes

Strategic Outcome: Financial intelligence that contributes to the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad.					
($ millions)	**Expected Results**	Planned Spending			Alignment to Government of Canada Outcome Area
		2008-09	2009-10	2010-11	
Program Activity Collection, Analysis and Dissemination of Financial Information	Technology-driven financial intelligence analysis and case disclosures that are widely used and accepted by law enforcement and intelligence agencies with a program that fosters compliance by the reporting entities	45.6	40.6	40.9	Safe and Secure Communities

FINTRAC is an essential component of the community of organizations and functions that combat organized crime and terrorism under Canada's anti-money laundering and anti-terrorist financing (AML/ATF) regime. The Centre's role is to facilitate the detection and deterrence of money laundering and terrorist activity financing in Canada and abroad by analyzing reported transactions and other information and making case disclosures of financial intelligence to the appropriate law enforcement agency, security and intelligence agency, or foreign financial intelligence unit, when there are reasonable grounds for suspicion of relevance to the investigation or prosecution of money laundering or terrorist activity financing offences.

By ensuring the compliance of financial institutions and other reporting entities with their obligations under the PCMLTFA, the Centre helps to create a formidable deterrent to those who would use legitimate financial channels to launder money or to finance terrorism. In Canada, banks and other financial services businesses maintain internal compliance regimes that ensure that the trail of financial transactions can be followed, and that law enforcement agencies can effectively pursue cases of suspected money laundering and terrorist activity financing, thereby strengthening Canada's capacity to detect and deter money laundering and terrorist financing.

Money laundering and terrorist activity financing are transnational in nature, necessitating the participation of all countries for their successful detection and deterrence. FINTRAC's work with international bodies such as the Financial Action Task Force and the Egmont Group contributes to the development of international AML/ATF policies and standards and the promotion of operational cooperation among financial intelligence units. The operational links the Centre has forged with other FIUs throughout the world are a vital part of FINTRAC's contribution to the domestic and international fight against terrorism, money laundering and organized crime.

SECTION IV – OTHER ITEMS OF INTEREST

Internal Services

Consistent with Treasury Board Secretariat's guidance associated with the implementation of the Management, Resources and Results Structure Policy (MRRS), the Centre has identified the following 10 categories of internal services:

- Management and Oversight Services
- Human Resources Management Services
- Financial Management Services
- Supply Chain Management
- Facilities/Asset Management Services
- Communications Services
- Information Management Services
- Information Technology Services
- Legal Services
- Other Support Delivery Services

In each internal service area, the Centre continues to be actively engaged in advancing the principles of sound resource management and effective decision-making. For the upcoming planning periods, here are the resources allocated to FINTRAC's internal services.

Financial Resources ($ millions)

2008-2009	2009-2010	2010-2011
8.3	7.2	7.2

Human Resources

2008-2009	2009-2010	2010-2011
49	49	49

For the Centre to strengthen organizational effectiveness and achieve its priorities while effectively managing this growth phase, it will be critical for the Centre's internal services functions to plan and undertake a number of important initiatives. For the planning period, these initiatives will include:

- Improving the Centre's integrated planning process to enhance decision-making. The Centre's planning approach will be based on the Program Activity Architecture.

- Ensuring that human resources (HR) planning is an important and integral component of the Centre's business planning process, thus ensuring that the best HR decisions are made to help achieve business goals and priorities.

In addition, FINTRAC will continue to build on its commitment to being an exemplary employer and sustaining an effective, high performing and healthy work climate.

To maintain a motivated and skilled workforce during the planning period, the Centre will place a special emphasis on the recruitment and selection of new employees. FINTRAC will also seek opportunities to strengthen the Centre's position with respect to official languages and employment equity.

A fundamental and critical component for FINTRAC as an organization is its commitment to the protection of personal information. FINTRAC will continue to maintain a robust and effective security program, including a full suite of policies and procedures to protect privacy, and prevent the unauthorized disclosure of information.

FINTRAC also seeks to excel in the provision of administrative services including accommodations, procurement, asset management, mail services, information management and translation services. While respecting government policies on accommodation, FINTRAC pays market rent to Public Works and Government Services Canada for the office space it occupies. As such, expenditures for leasing of its office space and associated office fit up costs are part of the operating budget.

The Centre also requires special security enhancements in the facilities it occupies. In 2008-09, FINTRAC will continue implementation of its integrated facilities plan to ensure that the Centre's facilities meet security requirements, accommodate new employees and contribute to organizational effectiveness.

Additional Tables

Additional tables *Summary of Capital Spending by Program Activity*, *Evaluations* and *Services Received Without Charge* can be found on the Treasury Board Secretariat's website at http://www.tbs-sct.gc.ca/est-pre/20082009/p3a_e.asp.